

Utility Credit

fast facts

- A utility is generally a credit account. You get service now and pay for it later.
- Utility credit discrimination is illegal under the Equal Credit Opportunity Act.
- The utility company generally can require a deposit if you have a bad utility credit history, or if you are a new customer and all new customers are required to pay deposits.
- Whenever you are denied credit—including utility credit—you have the right to know the specific reason.

'My husband and I always paid our phone, gas, and electric bills promptly. Then...suddenly...he was gone. When I tried to get utility service in my own name, each company wanted me to make deposits ranging from \$25 to \$100. Can they do this?'

Women sometimes write the Federal Trade Commission with this type of question.

Getting Utility Credit

A utility account is generally a credit account. You get service now and pay for it later. Like any other creditor, a utility company keeps a record of your payment patterns. This record is your utility credit history.

Utility credit discrimination is illegal under the Equal Credit Opportunity Act (ECOA). The ECOA forbids discrimination based on your sex, marital status, race, national origin, religion, age, or because you receive public assistance income. The ECOA also contains specific rules that utility companies and other creditors must follow when evaluating their customers' credit histories.

Utility companies frequently require customers to make a deposit or to get a letter of guarantee from someone who will agree to pay the bill if the customer does not. Under the law, requiring a deposit or letter of guarantee *can be the same thing* as denying credit or offering credit on less favorable terms.

Paying a Deposit

The utility company generally can require a deposit if you have a bad utility credit history, if you are a new customer and *all* new customers are required to pay deposits, or for other non-discriminatory reasons. For example, the utility company might ask you to pay a deposit if there is no record of your name on your husband's account. But if you had previous service in your husband's name, the company must consider that credit history as yours. If you shared a credit history, it might be unlawful to require you to pay a deposit if your husband got credit without paying a deposit.

Challenging a Bad Credit History

But there is another side of the coin. If your husband's credit history on a shared account was bad, the company will consider that credit history yours as well and might ask you to pay a deposit or get a letter of guarantee. The ECOA gives you the opportunity to prove that your husband's bad credit history did not reflect your unwillingness or inability to pay. For example, if you can prove that you did not live with your husband when the account was overdue, the company must take that into consideration. If you never saw the bills, or paid them as soon as you discovered they were overdue—that also must be considered.

Usually your spouse's utility credit history can only be considered if your spouse lived with you or benefited from using your account. However, if you live in a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington), the utility company can consider information about your spouse even if you were not living together and did not share the account.

If you cannot convince the company, you may have to pay a deposit or get a letter of guarantee. Or, you may be asked to pay your husband's old debts before your service is connected. In the latter case, the company's right to take such action is governed by state law, not the ECOA. If this happens, contact your local consumer office for more information.

Getting the Reason in Writing

Whenever you are denied credit or offered less than favorable credit terms that you do not want to accept — including utility credit — you have the right to know the specific reason. If this happens, request the reason in writing.

Getting More Information

You may want to get more detailed information about the ECOA and other credit rights. For a free copy of the FTC's brochures: *Equal Credit Opportunity*, *Fair Credit Reporting*, *Credit and Older Americans*, and *Women and Credit Histories*, write to: Consumer Response Center, Federal Trade Commission, Washington, DC 20580.

You also may wish to contact the FTC about your complaint. Although the FTC cannot represent you directly in a dispute with a company, it can act when it sees a pattern of possible law violation. Contact the Consumer Response Center by phone: 202-FTC-HELP (382-4357); TDD: 202-326-2502; by mail: Consumer Response Center, Federal Trade Commission, Washington, DC 20580; or by e-mail: use the complaint form at www.ftc.gov.